

**METAIRIE BUSINESS DEVELOPMENT DISTRICT
A COMPONENT UNIT OF THE
PARISH OF JEFFERSON, LOUISIANA**

**ANNUAL FINANCIAL REPORT
Year Ended December 31, 2017**

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FINANCIAL SECTION

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CRI CARR
RIGGS &
INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
111 Veterans Memorial Blvd.
Suite 350
Metairie, Louisiana 70005

(504) 833-2436
(504) 484-0807 (fax)
www.CRIcpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Metairie Business Development District
Metairie, Louisiana

We have audited the accompanying financial statements of the governmental activities and the major fund of the Metairie Business Development District (the "District"), a component unit of the Parish of Jefferson, Louisiana, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by The Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Metairie Business Development District, as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information on pages 4–10 and 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Per Diem Paid to Board Members and the Schedule of Compensation, Benefits, and Other Payments to Agency Head are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Per Diem Paid to Board Members, the Schedule of Compensation, Benefits and Other Payments to Agency Head, and the General Fund Schedule of Expenditures – Detailed – Budget to Actual are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Per Diem Paid to Board Members, the Schedule of Compensation, Benefits and Other Payments to Agency Head, and the General Fund Schedule of Expenditures – Detailed – Budget to Actual are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 4, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Cam Riggs & Ingram, L.L.C.

April 4, 2018

REQUIRED SUPPLEMENTARY INFORMATION

METAIRIE BUSINESS DEVELOPMENT DISTRICT
(A Component Unit of the Parish of Jefferson, Louisiana)
3613 HESSMER AVE, SUITE 200
METAIRIE, LA 70002

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Metairie Business Development District (the "MBDD"), we offer readers of the MBDD's financial statements this narrative overview and analysis of the financial activities of the MBDD for the year ended December 31, 2017.

We encourage readers to consider the information presented here in conjunction with the financial statements, which begin on page 12. All amounts, unless otherwise noted, are expressed in thousands (\$1,000's) of dollars.

FINANCIAL HIGHLIGHTS

- The assets of the MBDD exceeded its liabilities at the close of the most recent fiscal year by \$1,505 (*net position*). Of this amount, \$978 or 65.0 percent is invested in capital assets, such as land, buildings, vehicles and equipment and \$300 or 19.9 percent is *restricted net position* (representing funds that are restricted for certain projects). The remaining balance of \$227 (*unrestricted net position*) or 15.1 percent may be used to meet the government's ongoing obligations to citizens and creditors.
- The MBDD's total net position increased by \$199 or 15.2 percent during the current year because total revenues exceeded total expenses by that amount and capital assets increased. The revenues of the MBDD totaled \$266, a decrease of \$(1,066) from last year. The majority of the decrease came from a decrease in the capital sales tax TIF funds and prior year donations for the pocket park. The expenses of the District totaled \$67, an increase of \$16 from last year (mostly in general and administrative costs for the full year of the project director fees). Capital assets increased \$958 as the land from the pocket park was capitalized. The site originally included a building; however, MBDD spent \$64 demolishing it and clearing and grading the land for future use. MBDD also received \$12 as part of a lease-back provision on the sale of the property. These costs and lease revenues are included (netted) in the capitalized amount.
- At the close of the current fiscal year, the MBDD's governmental fund (the General Fund) reported ending fund balance of \$527, a decrease of \$(759) or 59.0 percent in comparison with the prior year. Of this amount, \$300 or 56.9 percent is *restricted fund balance* (earmarked for the pocket park) and the remaining \$227 or 43.1 percent is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$227 or 21.9 percent of total General Fund expenditures.
- The MBDD is operating on a "pay-as-you-go" basis and has not incurred any new debt for the past year and a half.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the MBDD's basic financial statements. The MBDD's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The “government-wide financial statements” are designed to provide readers with a broad overview of the MBDD’s finances, in a manner similar to a private-sector business.

The “Statement of Net Position” presents information on all of the MBDD’s assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the MBDD is improving or deteriorating.

The “Statement of Activities” presents information showing how the government’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements are designed to distinguish functions of the MBDD that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The MBDD only has governmental activities.

The government-wide financial statements include only the financial activities of the MBDD, which is a component unit of the Parish of Jefferson, Louisiana. The Parish of Jefferson, Louisiana (the primary government) issues financial statements that include the activity contained in these financial statements. The Parish’s financial statements are issued by its Finance Department and are submitted to the Louisiana Legislative Auditor each year.

The government-wide financial statements can be found on pages 12 and 13 of this report.

Fund financial statements. A “fund” is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The MBDD, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The MBDD’s funds can be classified into three categories: governmental funds, proprietary funds, and fiduciary funds. As discussed below, the MBDD only presents governmental funds.

Governmental funds. “Governmental funds” are used to account for essentially the same functions reported as “governmental activities” in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for “governmental funds” with similar information presented for “governmental activities” in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between “governmental fund” and “governmental activities”.

The MBDD maintains only one fund (the General Fund). Information is presented in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the General Fund.

The basic governmental fund financial statements can be found on pages 14 to 17 of this report.

The MBDD adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget (see page 32).

Notes to the Financial Statements. The notes provide additional information that are essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 to 29 of this report.

Other information. Individual fund statements and schedules, which show additional detailed financial information on the General Fund are considered Required Supplementary Information and are found on page 32. Other Supplementary information, which includes a General Fund - Schedule of Expenditures - Detailed - Budget and Actual, the Schedule of Board Members' Per Diems, and the Schedule of Compensation, Benefits, and Other Payments to the Agency Head, is included on pages 34 to 36.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the MBDD, assets exceeded liabilities by \$1,505 at December 31, 2017.

A portion of the MBDD’s net position (\$978 or 65.0 percent) reflects its investment in capital assets (e.g., land) less any related debt used to acquire those assets that is still outstanding. The MBDD uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the MBDD’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, as the capital assets themselves cannot be used to liquidate these liabilities.

METAIRIE BUSINESS DEVELOPMENT DISTRICT

| | Governmental Activities <u>2017</u> | | Governmental Activities <u>2016</u> | |
|-----------------------------------|---|-------|---|-------|
| Current and other assets | \$ 533 | | \$ 1,286 | |
| Capital assets | <u>978</u> | | <u>20</u> | |
| Total assets | <u>1,511</u> | | <u>1,306</u> | |
| Long-term liabilities outstanding | - | | - | |
| Other liabilities | <u>6</u> | | <u>-</u> | |
| Total liabilities | <u>6</u> | | <u>-</u> | |
| Net position: | | | | |
| Net investment in capital assets | 978 | 65.0% | 20 | 1.5% |
| Restricted | 300 | 19.9% | 1,195 | 91.5% |
| Unrestricted | <u>227</u> | 15.1% | <u>91</u> | 7.0% |
| Total net position | <u>\$ 1,505</u> | | <u>\$ 1,306</u> | |

The MBDD reports a *restricted net position* of \$300 or 19.9% of its total net position. These funds are restricted by the entities providing the funds for the acquisition and development of a pocket park in the Fat City area.

The balance of *unrestricted net position* (\$227 or 15.1 percent) may be used to meet the MBDD's ongoing obligations to citizens and creditors. The District’s net position increased by \$199 or 15.2 percent during the current fiscal year.

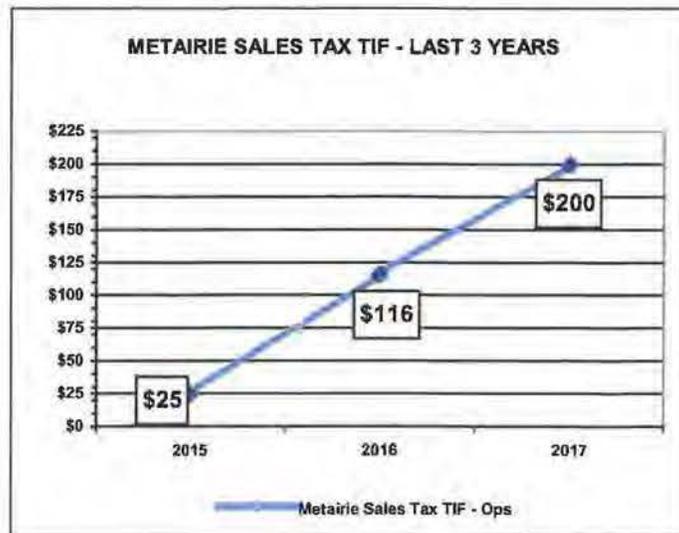
At December 31, 2017, the District is able to report positive balances in all three categories of net position.

Governmental Activities. Governmental activities increased the District’s net position by \$199 or 15.2 percent. Key elements of this increase are as follows:

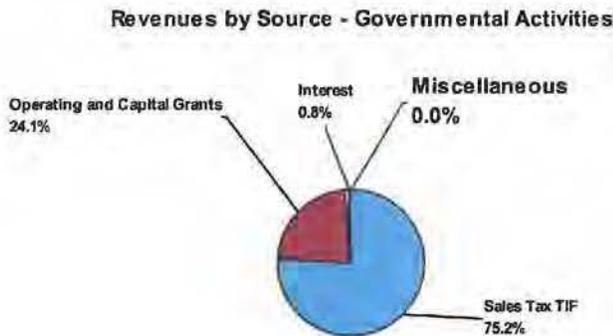
METAIRIE BUSINESS DEVELOPMENT DISTRICT

| | Governmental Activities 2017 | | Governmental Activities 2016 | |
|------------------------------------|---------------------------------|---------------|---------------------------------|---------------|
| Revenues: | | | | |
| Program revenues: | | | | |
| Charges for services | \$ - | 0.0% | \$ - | 0.0% |
| Operating grants and contributions | - | 0.0% | - | 0.0% |
| Capital grants and contributions | 64 | 24.0% | 1,215 | 91.2% |
| General revenues: | | | | |
| Sales tax TIF - Jefferson Parish | 200 | 75.2% | 116 | 8.7% |
| Unrestricted interest | 2 | 0.8% | 1 | 0.1% |
| Miscellaneous | - | 0.0% | - | 0.0% |
| Total revenues | 266 | 100.0% | 1,332 | 100.0% |
| Expenses: | | | | |
| Business Development | | | | |
| General and administrative | 58 | 86.6% | 31 | 60.9% |
| Communication and events | 2 | 3.0% | 9 | 17.6% |
| Economic development | - | 0.0% | - | 0.0% |
| Development of the pocket park | - | 0.0% | 4 | 7.8% |
| Public Space Operations | 7 | 10.4% | 7 | 13.7% |
| Public Safety | - | 0.0% | - | 0.0% |
| Total expenses | 67 | 100.0% | 51 | 100.0% |
| Increase in Net Position | 199 | | 1,281 | |
| Beginning of Year | 1,306 | | 25 | |
| End of Year | \$ 1,505 | | \$ 1,306 | |

- Capital grants totaled \$64, representing \$64 in funds received from the Parish, which were earmarked for the demolition costs of the building at the pocket-park site. Costs incurred on this project included environmental clearing, demolition, grading and hydro-seeding the lot, once it was cleared. This was a decrease of \$(1,151) from last year, as last year’s revenues included capital grants on the pocket-park that did not recur this year.
- Sales Tax TIF - Jefferson Parish came in at \$200, an increase of \$84 or 72.4 percent. This increase has to do with the prior year being the second year of operations and the MBDD still getting its operations going (the full amount budgeted from the TIF was not drawn down last year). The Parish levies a Sales Tax TIF and allows the MBDD to access these funds for operations. For 2017, the Parish provided the amounts requested from the Metairie Sales Tax TIF.
- Interest income came in at \$2 during the year.



A breakdown of the revenues received by the District’s governmental activities is as follows:



Expenses totaled \$67. The only function the District provides is the business development function. The majority of these costs related to general and administrative costs (project director fees, insurance, and legal), public space operations (tree installation and maintenance), and communication and event costs (logo and website design).

FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS

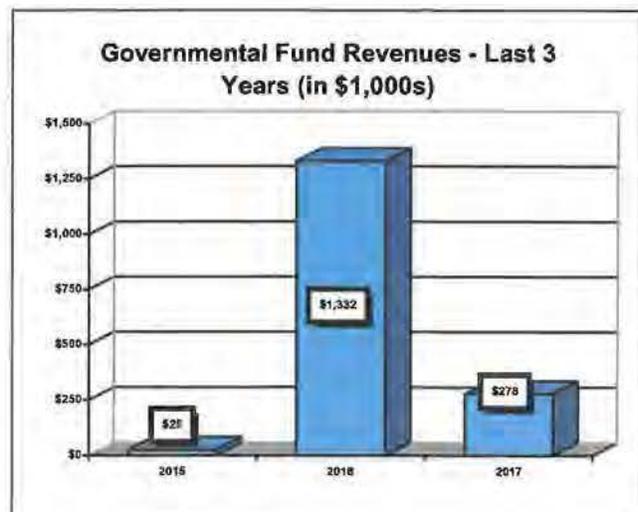
As noted earlier, the MBDD uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the MBDD’s “governmental funds” is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the MBDD’s financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of December 31, 2017, the MBDD’s governmental fund (i.e., the General Fund) reported ending fund balance of \$527, a decrease of \$(759) or 59.0 percent in comparison with the prior year. \$300 or 56.9 percent of this amount is *restricted fund balance* and \$227 or 43.1 percent of this total constitutes *unassigned fund balance*, which is available for spending at the government’s discretion.

As noted above, the governmental funds include the general operating funds of the MBDD (i.e., the General Fund). Overall, as the graph shows, revenues of the Governmental Funds decreased from the past year. This was primarily due to a drop in intergovernmental revenues (down \$(767)) and a drop in donations (down \$(300)). Both of these decreases relate to the pocket park acquisition/development.

As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 21.9 percent of total general fund expenditures, with the capital grant expenditures included, compared to 128.9 last year.



The fund balance of the MBDD's General Fund decreased by \$(759) during the current fiscal year. Key factors in this change are as follows:

- The General Fund's revenues totaled \$278, while expenditures totaled \$1,037.
- Revenues decreased by \$(1,054) from the prior year, mainly because of:
 - Sales Tax TIF decreased \$(831) due to decreases in the amounts requested - operations were up \$84 and capital purposes were down \$(915) as the MBDD drew down money for the acquisition of a site for pocket park in the prior year.
 - Intergovernmental grants were up \$64 due to a demolition grant from the Parish.
 - Service charges and fees were up \$12 due to a short-term lease on the property acquired.
 - Donations were down \$(300) due to a charitable donation received in the prior year dedicated to the development of the pocket park that did not recur in 2017.
 - Interest was \$1 more than last year as more funds were on hand.
- Expenditures increased \$966 from last year due to the following:
 - General and administrative costs totaled \$58 (up \$27 from last year). This category included \$50 for a project director, \$3 for accounting/audit fees, \$3 for insurance premiums, and \$2 for legal fees.
 - Communication and events totaled \$2 (down \$(7) from last year). This category included \$1 for the Christmas lighting event and \$1 for other events.
 - Public space costs totaled \$7 (the same as last year). This category included \$6 for tree installation in the Fat City area and maintenance of those trees, along with \$1 for electricity for lighting up the murals.
 - Capital outlays totaled \$970 (up \$946 from last year). This amount is made up of a \$906 for the pocket park site acquisition cost, plus another \$64 for demolition costs.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District made several amendments to its original budget during the fiscal year ended December 31, 2017.

Revenues were increased by \$79 to reflect 1) demolition grant from the parish (up \$65), 2) an increase of \$12 in service charges, fees, and commissions for the lease-back revenues on the site (the building was leased back to the owner after it was purchased by the MBDD for 90 days), and 3) interest income was increased \$2. Expenditures were decreased by \$(77) to reflect a) a decrease of \$(3) in general and administrative costs (mostly in the audit fees coming in lower than predicted), b) a decrease in communication and events of \$(38) as the anticipated spring and fall festivals in Fat City never materialized, c) a decrease of \$(5) in public space operations due to a decrease in the purchase of holiday signs, and d) a decrease of \$(31) in capital outlays - pocket park to account for a drop in architect fees (not yet needed) offset by an increase in improvements to land (demolition costs).

The General Fund's actual revenues and expenditures varied from the final budget as follows.

- Revenues of the General Fund were budgeted at \$279 and came in at \$278, an unfavorable variance of \$(1). The variance had to do with the demolition grant being slightly less than anticipated.
- Expenditures of the General Fund were budgeted at \$1,037 and came in at \$1,037, a positive variance of less than \$1. Public Space operations were \$(1) over budget and Capital outlays - pocket park were \$1 under budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The MBDD's investment in capital assets for its governmental activities as of December 31, 2017 amounts to \$978 (net of accumulated depreciation and debt). This investment in capital assets includes land. The MBDD's net investment in capital assets increased by \$958 or 4,789.3 percent this year. Major capital asset events during the current fiscal year included the following:

- \$958 was added to land for the site acquisition for the pocket park.
 - \$20 was transferred from construction in progress to land (for the pocket park).
 - \$-0- was recognized as depreciation expense, as no depreciable assets have yet been capitalized.
- Additional information on the MBDD's capital assets can be found in Note C.3 on page 26.

Long-term Debt. The MBDD had no long-term debt at year-end.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The unemployment rate for the Parish of Jefferson is currently 3.5 percent, which is 2.6 percent lower than it was a year ago. Regional inflationary trends compare favorably to national indices.
- The Metairie Sales Tax TIF was still in place and is assumed to generate the same amount of funds in 2018 as it has in the past (approximately \$200,000 per year). It is assumed that the MBDD will continue to have access to these funds to fund operations in 2018.
- All of these factors were considered in preparing the MBDD's budget for 2018.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the MBDD's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Pat LeBlanc, Board Chair, 3613 Hessmer Ave, Suite 200, Metairie, LA 70002.

BASIC FINANCIAL STATEMENTS

METAIRIE BUSINESS DEVELOPMENT DISTRICT
(A Component Unit of the Parish of Jefferson, Louisiana)
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2017

ASSETS

Current Assets

| | | |
|---------------------------|----|----------------|
| Cash and cash equivalents | \$ | 511,342 |
| Accounts receivable | | 21,595 |
| Prepaid items | | - |
| Total Current Assets | | <u>532,937</u> |

| | | |
|---------------------|--|----------------|
| Capital Assets, net | | <u>977,850</u> |
|---------------------|--|----------------|

Other Assets

| | | |
|----------|--|----------|
| Deposits | | <u>-</u> |
|----------|--|----------|

| | | |
|---------------------|--|------------------|
| TOTAL ASSETS | | <u>1,510,787</u> |
|---------------------|--|------------------|

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

Current Liabilities

| | | |
|------------------|--|--------------|
| Accounts payable | | <u>5,547</u> |
|------------------|--|--------------|

| | | |
|--------------------------|--|--------------|
| TOTAL LIABILITIES | | <u>5,547</u> |
|--------------------------|--|--------------|

| | | |
|------------------|--|----------|
| Deferred Inflows | | <u>-</u> |
|------------------|--|----------|

Net Position

| | | |
|----------------------------------|--|---------|
| Net investment in capital assets | | 977,850 |
| Restricted | | 300,000 |
| Unrestricted | | 227,390 |

| | | |
|---------------------------|----|------------------|
| TOTAL NET POSITION | \$ | <u>1,505,240</u> |
|---------------------------|----|------------------|

The accompanying notes are an integral part of this statement.

METAIRIE BUSINESS DEVELOPMENT DISTRICT
(A Component Unit of the Parish of Jefferson, Louisiana)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

| FUNCTION/SEGMENT | EXPENSES | PROGRAM REVENUES | | | NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION |
|--|------------------|----------------------------|--|--|--|
| | | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | CAPITAL GRANTS AND CONTRIBUTIONS | |
| GOVERNMENTAL ACTIVITIES | | | | | |
| Business Development | | | | | |
| General and Administrative Costs | \$ 58,324 | \$ - | \$ - | \$ - | \$ (58,324) |
| Communication and Events | 1,777 | - | - | - | (1,777) |
| Economic Development | - | - | - | - | - |
| Development of Pocket Park | 60 | - | - | 63,710 | 63,650 |
| Public Space Operations | 6,736 | - | - | - | (6,736) |
| Public Safety | - | - | - | - | - |
| TOTAL GOVERNMENTAL ACTIVITIES | \$ 66,897 | \$ - | \$ - | \$ 63,710 | (3,187) |
| GENERAL REVENUES | | | | | |
| Sales Tax TIF funds - Jefferson Parish | | | | | 200,000 |
| Unrestricted interest | | | | | 2,339 |
| Miscellaneous | | | | | - |
| TOTAL GENERAL REVENUES | | | | | 202,339 |
| CHANGE IN NET POSITION | | | | | 199,152 |
| NET POSITION | | | | | |
| Beginning of Year | | | | | 1,306,088 |
| End of Year | | | | | \$ 1,505,240 |

The accompanying notes are an integral part of this statement.

METAIRIE BUSINESS DEVELOPMENT DISTRICT
(A Component Unit of the Parish of Jefferson, Louisiana)
GOVERNMENTAL FUND
BALANCE SHEET
AS OF DECEMBER 31, 2017

| | General Fund |
|---|-------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 511,342 |
| Due from other governments | 21,595 |
| TOTAL ASSETS | <u>\$ 532,937</u> |
| LIABILITIES AND FUND BALANCE | |
| Liabilities | |
| Accounts payable | \$ 5,547 |
| TOTAL LIABILITIES | <u>5,547</u> |
| Fund Balance | |
| Nonspendable | - |
| Restricted | 300,000 |
| Committed | - |
| Assigned | - |
| Unassigned | 227,390 |
| TOTAL FUND BALANCE | <u>527,390</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 532,937</u> |

The accompanying notes are an integral part of this statement.

METAIRIE BUSINESS DEVELOPMENT DISTRICT
(A Component Unit of the Parish of Jefferson, Louisiana)
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUND
TO STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2017

FUND BALANCES - TOTAL GOVERNMENTAL FUND \$ 527,390

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund.

| | |
|--------------------------|---------|
| Cost of capital assets | 977,850 |
| Accumulated depreciation | - |

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 1,505,240

The accompanying notes are an integral part of this statement.

METAIRIE BUSINESS DEVELOPMENT DISTRICT
(A Component Unit of the Parish of Jefferson, Louisiana)
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

| | <u>General Fund</u> |
|---|-------------------------|
| REVENUES | |
| Sales tax TIF funds - Jefferson Parish | \$ 200,000 |
| Intergovernmental grants - Jefferson Parish | 63,710 |
| Service charges, fees and commissions | 12,000 |
| Donations | - |
| Interest | 2,339 |
| Miscellaneous | |
| Gain on sale of capital assets | - |
| Other | - |
| TOTAL GENERAL REVENUES | <u>278,049</u> |
| EXPENDITURES | |
| Current | |
| General and Administrative Costs | 58,324 |
| Communication and Events | 1,777 |
| Economic Development | - |
| Public Space Operations | 6,736 |
| Public Safety | - |
| Capital Outlays | |
| Development of Pocket Park | 969,910 |
| TOTAL EXPENDITURES | <u>1,036,747</u> |
| Excess of Revenues over Expenditures | (758,698) |
| FUND BALANCE | |
| Beginning of year | 1,286,088 |
| End of year | <u>\$ 527,390</u> |

The accompanying notes are an integral part of this statement.

METAIRIE BUSINESS DEVELOPMENT DISTRICT
(A Component Unit of the Parish of Jefferson, Louisiana)
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND TO STATEMENT
OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUND \$ (758,698)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. 957,850

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 199,152

The accompanying notes are an integral part of this statement.

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METAIRIE BUSINESS DEVELOPMENT DISTRICT
(A Component Unit of the Parish of Jefferson, Louisiana)
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Metairie Business Development District (the "MBDD") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the MBDD's accounting policies are described below.

1. Organization

The MBDD is a special district in the Parish of Jefferson, Louisiana which was created by Louisiana Revised Statute (LSA-RS 33:1420.19) in 2014 and authorized by the Parish Council in May 2015. Operations began on June 8, 2015. The MBDD is governed by a Governing Board of nine (9) members, all of whom shall be qualified voters of the Parish and at least seven of whom shall have their principal place of business in, their principal domicile in, or own property in the district. The Board is appointed as follows:

- One member shall be appointed by the Parish President
- One member shall be appointed by the Sheriff of Jefferson Parish
- Two members shall be appointed by the At-large members of the Parish Council
- Three members shall be appointed by the District 5 Councilperson
- One member shall be appointed by the State Senator representing the area, and
- One member shall be appointed by the State Representative representing the area.

The board administers the operations and responsibilities in accordance with the provisions of Louisiana statutes. The MBDD is comprised of the property in Jefferson Parish bounded by Veterans Memorial Boulevard, Causeway Boulevard, West Esplanade Avenue, and Division Street and the development sites fronting on the west side of Division Street.

The MBDD is capable of levying taxes or parcel fees on real estate within the district boundaries; it can sue or be sued; it can accept by gift, grant or donation any sum of money, property, aid, or assistance from federal, state or local entities, or any person, firm or corporation. It can acquire by gift, grant, purchase, or lease such property as may be necessary for carrying out its objectives and it may incur debt in its own name.

The MBDD was formed for the purpose of promoting, encouraging, and participating in projects or plans to stimulate the economy through commerce, industry, and research and for the utilization and development of natural, physical, and human resources in the area that it covers.

METAIRIE BUSINESS DEVELOPMENT DISTRICT
(A Component Unit of the Parish of Jefferson, Louisiana)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Reporting Entity

GASB Codification Section 2100 establishes criteria for determining the governmental reporting entity and its component units. A component unit is a government who is financially accountable to another government or one for which another government can exert influence over its budget and operations. The MBDD is considered to be a component unit of the Parish of Jefferson, Louisiana. The MBDD does not have any component units of its own.

Annually, the Parish of Jefferson, Louisiana (the primary government) issues basic financial statements which include the activity contained in the accompanying financial statements. The Parish's basic financial statements are issued by the Parish's Finance Department and are available from that office or the Louisiana Legislative Auditor.

3. Basic Financial Statements - Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the MBDD. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Because of the nature of the MBDD's operations, it reports only governmental activities.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment, are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

Funds are used by the MBDD to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

METAIRIE BUSINESS DEVELOPMENT DISTRICT
(A Component Unit of the Parish of Jefferson, Louisiana)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A fund is a separate accounting entity with a self-balancing set of accounts. The funds of the MBDD are classified into the "governmental" category. The category, in turn, is divided into separate "fund types".

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital project funds), and the servicing of general long-term debt (debt service funds). The General Fund is used to account for all financial activities of the general government not accounted for in some other fund.

The MBDD reports the following major governmental fund:

The *General Fund* is the general operating fund of the MBDD. It is used to account for all financial resources except those required to be accounted for in another fund.

4. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using a *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The MBDD considers taxes as available if they are collected within 60 days after year end. Taxes, intergovernmental revenues, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, as under accrual accounting. Principal and interest on general long-term debt are recorded only when payment is due.

METAIRIE BUSINESS DEVELOPMENT DISTRICT
(A Component Unit of the Parish of Jefferson, Louisiana)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Assets, Liabilities, and Net Position or Fund Balance

A. *Cash and Cash Equivalents*

For reporting purposes, cash and cash equivalents include cash on hand, amounts in demand deposits, time deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the MBDD to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities. Management believes all cash and cash equivalents are reported at their fair value.

B. *Inventories*

The cost of materials and supplies acquired by the MBDD are recorded as expenditures at the time of purchase. It is management's opinion that the inventory of such materials and supplies at December 31, 2017 would not be material to the financial statements.

C. *Capital Assets*

Capital assets, which may include land, buildings, furniture and fixtures, vehicles, and infrastructure assets, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the MBDD as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, if any, are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed and are included in construction in progress. Property, plant, equipment, and infrastructure are depreciated using the straight-line method (with a mid-year convention) over the following estimated useful lives:

| Asset Category | Useful Life in Years |
|------------------------|----------------------|
| Buildings | 40 |
| Furniture and Fixtures | 3 |
| Vehicles | 5-7 |
| Infrastructure | 40 |

METAIRIE BUSINESS DEVELOPMENT DISTRICT
(A Component Unit of the Parish of Jefferson, Louisiana)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. *Deferred Outflows and Inflows*

In addition to assets, the statement of net position may report separate sections for deferred outflows of resources and deferred inflows of resources. *Deferred Outflows* represent a consumption of net position that applies to a future period and so it will *not* be recognized as an outflow of resources (i.e., expense or expenditure) until then. *Deferred Inflows* represent an acquisition of a net position that is applicable to a future reporting period and so it will *not* be recognized as an inflow of resources (revenue) until then.

E. *Net Position and Fund Balance*

Net Position

Net position represents the difference between assets, deferred outflows, liabilities, and deferred inflows. Net position is displayed in three components - *net investment in capital assets* (net of accumulated depreciation), reduced by the outstanding balance of any debt proceeds used for the acquisition, construction or improvements of those assets; *restricted* which includes major categories of restrictions and consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets; and *unrestricted* consisting of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Fund Balance

In accordance with the requirements of Government Accounting Standards Board (GASB) Codification Section 1800.142-162, fund balances of the governmental fund types are categorized into one of five categories in the fund financial statements - Non-spendable, Restricted, Committed, Assigned, or Unassigned.

For *committed fund balances*, the MBDD Board is considered to be the highest level of decision-making authority and resolutions passed by it is needed to establish, modify, or rescind a fund balance commitment. For *assigned fund balances*, the MBDD Chairman may assign amounts to a specific purpose.

METAIRIE BUSINESS DEVELOPMENT DISTRICT
(A Component Unit of the Parish of Jefferson, Louisiana)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

While the MBDD has not established a policy for its use of unrestricted fund balances, it does consider that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

G. Subsequent Events

The MBDD has evaluated subsequent events through the date that the financial statements were available to be issued, April 2, 2018, and has disclosed any event requiring disclosure.

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. Budget

In accordance with the Louisiana Local Government Budget Act, the procedures used by the MBDD in establishing the budgetary data reflected in the financial statements include public notices of the proposed budget, public inspections, and public hearings. The MBDD then legally adopts the budget via a resolution, which is then submitted to and approved by the Parish of Jefferson.

The General Fund's budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Encumbrances are not recorded for budgetary purposes. Expenditures may not exceed appropriations at the function/segment level within the fund. All annual appropriations which are not expended lapse at year end.

The budgeted amounts represent the original budget and any amendments through December 11, 2017. The budgeted amounts are included, respectively, as the original and final budgets in the accompanying statements.

METAIRIE BUSINESS DEVELOPMENT DISTRICT
(A Component Unit of the Parish of Jefferson, Louisiana)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017

NOTE C - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

1. Deposits with Financial Institutions and Investments

Deposits with Financial Institutions

At December 31, 2017, deposits with financial institutions consisted of the following:

| | Cash | Certificates of Deposit | Other | Total |
|--|-------------------|----------------------------|-------------|-------------------|
| Book Value of Deposits in Banks | \$ 511,342 | \$ - | \$ - | \$ 511,342 |
| Bank Balances of Deposits Exposed to Custodial Credit Risk: | | | | |
| A. Uninsured and uncollateralized | \$ - | \$ - | \$ - | \$ - |
| B. Uninsured and collateralized with securities held by pledging institution | 261,342 | - | - | 261,342 |
| C. Uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the MBDD's name. | - | - | - | - |
| Total Bank Balances Exposed to Custodial Credit Risk | \$ 261,342 | \$ - | \$ - | \$ 261,342 |
| Total Bank Balances - All Deposits | \$ 511,342 | \$ - | \$ - | \$ 511,342 |

Under State law, all deposits must be secured by federal depository insurance or the pledge of securities held by the pledging bank's agent in the governmental entity's name. As of December 31, 2017, the demand deposit bank balances of \$511,342 shown above were entirely secured by \$250,000 of federal depository insurance and \$261,342 of pledged securities held by the financial institution's agent in the name of MBDD.

2. Accounts Receivable

Accounts receivable consisted of \$21,595 due from the Parish of Jefferson for demolition costs associated with the pocket park project that are to be reimbursed by the Parish under Resolution No. 128571. This Resolution called for demolition costs up to \$66,900 to be reimbursed by the Parish. To date, the MBDD has incurred demolition costs of \$63,710 and has received \$42,115 from the Parish. The balance of \$21,595 was accrued as a receivable at year end.

METAIRIE BUSINESS DEVELOPMENT DISTRICT
(A Component Unit of the Parish of Jefferson, Louisiana)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017

NOTE C - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

3. Capital Assets

Current year additions to land totaled \$957,850, which is made up of costs associated with the development of a pocket park in the heart of Fat City. This project is being funded with \$915,000 of Tax Increment Funding (TIF) funds received from the Parish of Jefferson, as well as donations from corporations, charities and other sources.

In 2016, the land for the pocket park was targeted and an "intent to purchase" was signed with the owner of the property. The purchase was approved by the Parish Council via Resolution No. 127682 in August 2016. During October 2016, a good faith deposit of \$20,000 was paid to the owner of the target property. This amount was capitalized in 2016 as Construction in Progress. This \$20,000 was reclassified (or transferred) to land in 2017.

In 2017, the purchase of the property (including the land and the building) was consummated at a price of \$926,141 (\$922,000 purchase price plus closing costs of \$4,141). \$906,141 was paid in 2017 (as a deposit of \$20,000 was paid in 2016). The total amount was allocated to the cost of the land since the intent of the MBDD is to demolish the building and to utilize the land for the pocket park.

During 2017, an additional \$63,710 was spent on demolishing the existing building, clearing and grading the site, and hydro-seeding the area for grass. These costs were also capitalized as land, bringing the total amount spent to date to \$969,850.

As part of the sales agreement, there was a lease-back provision which allowed the current owner of the property to stay in the building for 90 days after the purchase date in exchange for a lease amount of \$12,000 (\$4,000/month). This amount was netted against the price of the cost of the land for a final capitalized cost addition in 2017 of \$957,850.

The MBDD is looking to enter into a lease with the Jefferson Parish Sheriff's Office for some adjacent land to the pocket park in order to expand the footprint even further. The MBDD is also preparing to obtain bids from park design firms in 2018. A private group donated \$300,000 to the MBDD in 2016 for developing and constructing the park. These funds may be tapped once the design phase is completed.

As noted in the table below, there was no depreciation expense recorded for 2017.

METAIRIE BUSINESS DEVELOPMENT DISTRICT
(A Component Unit of the Parish of Jefferson, Louisiana)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017

NOTE C - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

The following is a summary of changes in capital assets during the fiscal year:

| | Balance January 1, 2016 | Additions | Deletions | Transfers | Balance December 31, 2016 |
|---|----------------------------|--------------------------|--------------------|--------------------|------------------------------|
| Governmental Activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ - | \$ 957,850 | \$ - | \$ 20,000 | \$ 977,850 |
| Construction in progress | 20,000 | - | - | (20,000) | - |
| Total capital assets, not being depreciated | <u>\$ 20,000</u> | <u>\$ 957,850</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 977,850</u> |
| Capital assets, being depreciated | | | | | |
| Buildings | \$ - | \$ - | \$ - | \$ - | \$ - |
| Furniture and fixtures | - | - | - | - | - |
| Vehicles | - | - | - | - | - |
| Infrastructure | - | - | - | - | - |
| Total capital assets, being depreciated | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Less accumulated depreciation: | | | | | |
| Buildings | - | - | - | - | - |
| Furniture and fixtures | - | - | - | - | - |
| Vehicles | - | - | - | - | - |
| Infrastructure | - | - | - | - | - |
| Total accumulated depreciation | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Capital assets being depreciated, net of accumulated depreciation | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Total governmental activities, capital assets, net | <u><u>\$ 20,000</u></u> | <u><u>\$ 957,850</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 977,850</u></u> |

4. Lease Income

When the MBDD purchased the Action Press site for the Pocket Park project, the agreement called for the existing owners to be allowed to use the building for an additional 90 days while they transitioned to their new location. A short-term lease was signed that called for rent of \$4,000/month, expiring on March 31, 2017. This lease generated \$12,000 in income for 2017, which was recorded as a reduction in the cost of the land.

METAIRIE BUSINESS DEVELOPMENT DISTRICT
(A Component Unit of the Parish of Jefferson, Louisiana)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017

NOTE C - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

5. Tax Increment Funding - Jefferson Parish

The MBDD receives funds under a Cooperative Endeavor Agreement (CEA) with the Parish of Jefferson as approved by Resolution No. 125888. Under this agreement, the Parish allows the MBDD to expend funds generated from incremental sales taxes in the Metairie Central Business District Trust Fund No. 1 (a Tax Increment Financing (TIF) District). Under the terms of the agreement, the MBDD can request funding from the TIF for operations and capital projects up to the accumulated amounts in the TIF fund, subject to approval by the Parish Council. The CEA expired on December 31, 2017. The Parish Council approved a new CEA via Resolution No. 130978 on February 21, 2018 which extends the agreement through December 31, 2019. The CEA itself is being processed for renewal by the Parish administration and is expected to be signed before the end of the second quarter of 2018.

During 2017, the MBDD received \$200,000 from the TIF for operations.

6. Restrictions of Net Position and Fund Balance Components

The government-wide Statement of Net Position includes a restriction on Net Position, as follows:

Net Position - Restricted for Fat City Pocket Park

This amount represents the balance of funds that have been received from the Parish of Jefferson that are earmarked for the purchase of land for the Fat City pocket park. It contains \$300,000 received from a Charitable Trust that is restricted to developing the pocket park.

Also, in accordance with GASB Codification Section 1800.142-162, fund balances of the governmental fund types are categorized into one of five categories in the fund financial statements - Non-spendable, Restricted, Committed, Assigned, or Unassigned, as noted below.

Fund Balance - Restricted

This amount represents funds that have been received from the Parish of Jefferson that are earmarked for the purchase of land for the Fat City pocket park, as well as the charitable donation received for developing the park at a future date.

Fund Balance - Unassigned

This amount represents funds that have not been assigned to other funds and have not been restricted, committed, or assigned to a specific purpose within the General Fund. This is the residual classification for the General Fund.

METAIRIE BUSINESS DEVELOPMENT DISTRICT
(A Component Unit of the Parish of Jefferson, Louisiana)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017

NOTE D - COMMITMENTS AND CONTINGENCIES

1. Risk Management

The MBDD is exposed to various risks of loss resulting from personal injury; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. To protect against these risks of loss, the MBDD purchases various types of insurance from commercial carriers. Under these policies, general liability coverage is provided for up to a maximum of \$1,000,000 per occurrence (\$2,000,000 in the aggregate) and directors and officers (D&O) is provided for up to \$1,000,000 per occurrence (\$1,000,000 in the aggregate). In each policy, the MBDD is responsible for the applicable deductible.

2. Litigation

There is no litigation pending against the MBDD at December 31, 2017.

3. Project Director

The MBDD Board contracts with Corsair Consulting to provide Project Director services. The Project Director administers the day-to-day operating tasks assigned by the Board. The contract calls for an annual salary of \$50,000. The contract went into effect on July 1, 2016 and expired on December 31, 2017. The contract has not yet been renewed and is being honored on a month-to-month basis until a new contract is negotiated.

NOTE E - OTHER INFORMATION

1. Economic Dependency

The MBDD receives the majority of its operating revenue from funds provided by the Parish of Jefferson through the Metairie TIF District pursuant to its cooperative endeavor agreement (see Note C.5), as well as through other intergovernmental grants. The terms of the cooperative endeavor agreement expire with the expiration of the TIF. For 2017, the amounts received from the TIF amounted to \$200,000 for operations. The Parish also provided an additional \$63,710 in grants for demolition costs. These amounts combined represent 94.8% of total governmental revenues.

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**REQUIRED SUPPLEMENTARY INFORMATION
OTHER THAN MANAGEMENT'S DISCUSSION
AND ANALYSIS**

METAIRIE BUSINESS DEVELOPMENT DISTRICT
(A Component Unit of the Parish of Jefferson, Louisiana)
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

| | <u>ORIGINAL BUDGET</u> | <u>FINAL BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
|---|----------------------------|-------------------------|-------------------|---|
| REVENUES | | | | |
| Intergovernmental | | | | - |
| Sales tax TIF funds - Jefferson Parish | \$ 200,000 | \$ 200,000 | \$ 200,000 | \$ - |
| Intergovernmental grants - Jefferson Parish | - | 65,000 | 63,710 | (1,290) |
| Service charges, fees and commissions | - | 12,000 | 12,000 | - |
| Donations | - | - | - | - |
| Interest | 325 | 2,350 | 2,339 | (11) |
| Miscellaneous | | | | |
| Gain on sale of capital assets | - | - | - | - |
| Other | - | - | - | - |
| TOTAL GENERAL REVENUES | <u>200,325</u> | <u>279,350</u> | <u>278,049</u> | <u>(1,301)</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General and Administrative Costs | 61,500 | 58,400 | 58,324 | 76 |
| Communication and Events | 40,500 | 1,775 | 1,777 | (2) |
| Economic Development | - | - | - | - |
| Public Space Operations | 10,500 | 5,860 | 6,736 | (876) |
| Public Safety | - | - | - | - |
| Capital Outlays | | | | |
| Development of Pocket Park | 1,002,000 | 971,241 | 969,910 | 1,331 |
| TOTAL EXPENDITURES | <u>1,114,500</u> | <u>1,037,276</u> | <u>1,036,747</u> | <u>529</u> |
| Excess (Deficiency) of Revenues over Expenditures | (914,175) | (757,926) | (758,698) | (772) |
| FUND BALANCE | | | | |
| Beginning of year | 1,286,088 | 1,286,088 | 1,286,088 | - |
| End of year | <u>\$ 371,913</u> | <u>\$ 528,162</u> | <u>\$ 527,390</u> | <u>\$ (772)</u> |

OTHER SUPPLEMENTARY INFORMATION

METAIRIE BUSINESS DEVELOPMENT DISTRICT
(A Component Unit of the Parish of Jefferson, Louisiana)
GENERAL FUND
SCHEDULE OF EXPENDITURES - DETAILED (BUDGET TO ACTUAL)
FOR THE YEAR ENDED DECEMBER 31, 2017

| EXPENDITURES | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
|--|---------------------|---------------------|---------------------|--|
| Current | | | | |
| General and Administrative Costs | | | | |
| Accounting and audit fees | \$ 5,000 | \$ 3,500 | \$ 3,500 | \$ - |
| Insurance premiums | 3,000 | 3,050 | 3,030 | 20 |
| Legal fees | 2,500 | 1,500 | 1,462 | 38 |
| Office supplies, printing and copying | 500 | 350 | 332 | 18 |
| Professional fees - other | 500 | - | - | - |
| Professional fees - project director | 50,000 | 50,000 | 50,000 | - |
| | <u>61,500</u> | <u>58,400</u> | <u>58,324</u> | <u>76</u> |
| Communication and Events | | | | |
| Advertising and promotion | 1,500 | - | - | - |
| Christmas lighting - Fat City | 2,500 | 1,275 | 1,270 | 5 |
| Spring festival | - | - | - | - |
| Fall festival | 35,000 | - | - | - |
| Other events | - | 500 | 507 | (7) |
| Website design and maintenance | 1,500 | - | - | - |
| | <u>40,500</u> | <u>1,775</u> | <u>1,777</u> | <u>(2)</u> |
| Economic Development | | | | |
| Professional fees - consulting | - | - | - | - |
| Travel and other | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Public Space Operations | | | | |
| Tree installation and maintenance | 5,000 | 5,110 | 6,039 | (929) |
| Streetscapes - planters and garbage cans | - | - | - | - |
| Holiday signs and lighting | 5,000 | - | - | - |
| Murals - maintenance and lighting | 500 | 750 | 697 | 53 |
| | <u>10,500</u> | <u>5,860</u> | <u>6,736</u> | <u>(876)</u> |
| Public Safety | | | | |
| Security | - | - | - | - |
| Lighting | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Capital Outlays | | | | |
| Development of Pocket Park | | | | |
| Land acquisition | 902,000 | 906,141 | 906,141 | - |
| Improvements to land | 50,000 | 65,000 | 63,709 | 1,291 |
| Legal and professional fees | - | 100 | 60 | 40 |
| Architect fees | 50,000 | - | - | - |
| Equipment | - | - | - | - |
| | <u>1,002,000</u> | <u>971,241</u> | <u>969,910</u> | <u>1,331</u> |
| TOTAL EXPENDITURES | <u>\$ 1,114,500</u> | <u>\$ 1,037,276</u> | <u>\$ 1,036,747</u> | <u>\$ 529</u> |

METAIRIE BUSINESS DEVELOPMENT DISTRICT
(A Component Unit of the Parish of Jefferson, Louisiana)
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
For the Year Ended December 31, 2017

| Board Member | Position | Appointed By: | Per Diem Paid |
|---------------------|-----------------|------------------------------|----------------------|
| Pat LeBlanc | Chairman | Dist 5 Councilperson | \$ - |
| Dana Pecoraro | Vice-Chairman | At Large Councilperson A | - |
| Paul Rivera | Treasurer | Jefferson Parish Sheriff | - |
| Melissa O'Neal | Secretary | Dist 5 Councilperson | - |
| Barry Breaux | Board Member | Parish President | - |
| Charles Silbernagl | Board Member | At Large Councilperson B | - |
| Glen Wilson | Board Member | Dist 5 Councilperson | - |
| Tommy Citanovich | Board Member | State Senator Dist 9 | - |
| Justin Hartenstein | Board Member | State Representative Dist 94 | - |
| Total | | | <u>\$ -</u> |

METAIRIE BUSINESS DEVELOPMENT DISTRICT
(A Component Unit of the Parish of Jefferson, Louisiana)
SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO AGENCY HEAD
For the Year Ended December 31, 2017

Agency Head Name: Pat LeBlanc, Board Chair

| Purpose: | Amount |
|--------------------------------|---------------|
| Salary/Per Diem | \$ - |
| Benefits - Retirement | - |
| Benefits - Health Insurance | - |
| Benefits - Life Insurance | - |
| Payroll Taxes | - |
| Car Allowance | - |
| Vehicle Provided by Government | - |
| Cell Phone | - |
| Dues | - |
| Travel Per Diems | - |
| Reimbursements | - |
| Travel Costs | - |
| Registration Fees | - |
| Conference Travel | - |
| Unvouchered Expenses | - |
| Meetings and Conventions | - |
| Other | - |
| | <u>\$ -</u> |

COMPLIANCE SECTION

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Carr, Riggs & Ingram, LLC
111 Veterans Memorial Blvd.
Suite 350
Metairie, Louisiana 70005

(504) 833-2436
(504) 484-0807 (fax)
www.CRIcpa.com

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Metairie Business Development District
Metairie, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Metairie Business Development District (the "District"), a component unit of the Parish of Jefferson, Louisiana, as of and for the year ended December 31, 2017, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated April 4, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Carly Riggs & Ingram, L.L.C.

April 4, 2018

**METAIRIE BUSINESS DEVELOPMENT DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2017**

We have audited the basic financial statements of Metairie Business Development District as of and for the year ended December 31, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2017 resulted in an unmodified opinion.

Section I: Summary of Auditors' Report

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control:

Material Weaknesses Yes No

Significant Deficiencies Yes No

Compliance:

Compliance Material to Financial Statements Yes No

b. Federal Awards

There were no federal awards noted.

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no findings related to the financial statements.

SECTION III – COMPLIANCE FINDINGS

There were no findings related to compliance.

SECTION IV – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Not applicable.



**METAIRIE BUSINESS DEVELOPMENT DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017**

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no findings related to the financial statements.

SECTION III – COMPLIANCE

There were no findings related to compliance.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Not applicable.